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SUBJECT: GUIZHOU PARTY SECRETARY HOSTS LUNCH FOR DEPUTY SECRETARY  
NEGROPONTE

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¶1. (SBU) Summary. During a lunch banquet hosted for the Deputy Secretary, Guizhou Party Secretary Shi Zongyuan described his

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professional challenges, especially the problems of economic development in the face of deep rural poverty. He urged more high-level visits to interior China, claiming that such experiences would help dispel notions of a "China threat." End Summary.

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GUIZHOU'S ECONOMY: NOWHERE TO GO BUT UP  
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¶2. (SBU) In a welcoming toast, Shi described Guizhou as "less developed, but possessing great potential." When later asked by the Deputy Secretary to describe the foundations of Guizhou's economy, Shi said agriculture is the mainstay (particularly rice, corn, and sweet potatoes), although since economic opening in the late 1970s, resource extraction has become more important, especially coal, phosphates, and bauxite. While acknowledging the area's widespread poverty (he noted that 2.5 million of Guizhou's population of 39.5 million lived under the poverty line), he stressed there has been a steady rise in both rural incomes and in GDP. In 1985, he said, annual farmer income was RMB 1866 (USD 260), but by 2007 it rose to RMB 2300 (USD 319). Last year's GDP growth had been 13.7 percent. However, he also said that despite the economic gains, Guizhou was still China's only province in which per capita GDP was less than USD 800 - Guizhou's 2006 per capita GDP was only USD 736.

¶3. (SBU) As an illustration of Guizhou's rural poverty, Shi described a visit to a farm family in Fazhao Village in Bijie Prefecture. A family of four survives on 2 mu (one third of an acre) of farmland. Of those four people, two are elderly or disabled, and one is a child. "They didn't even have a bed," said Shi. The local government is assisting such families by donating pigs, which could serve not only as a source of cash income but also for the generation of biogas.

¶4. (SBU) Asked about challenges to development, Shi mentioned the need to develop transportation infrastructure and irrigation facilities. Although annual rainfall averages 1.3 meters (51 inches), much of that rainfall is unavailable for agricultural use due to the area's karst geology, which causes groundwater to drain away from the surface. Shi said that to alleviate the

problem, the province is constructing numerous retention ponds of 100 cubic meter (3500 cubic feet) capacity. He also mentioned that much of Guizhou's economy is still "planned," and that the province is in need of deeper structural reforms.

15. (SBU) Shi stressed the need for foreigners to visit China's interior: "They often go to Shanghai or Beijing, but they don't know China's poor areas." According to Shi, such experiences would help dispel worries about a "China threat." (Note: Other officials told the delegation that the visit marked the first time Guizhou had ever hosted such a high-level delegation from the United States, and the first time -- even prior to 1949 -- that a United States Ambassador had visited Guizhou. End note.)

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SHI'S BIO AND BACKGROUND  
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16. (SBU) Shi told the Deputy Secretary that he was born in Xi'an. However, he said his birth there was due to the fact that his (unspecified) hometown in Hebei Province had been occupied by the Japanese during World War II, forcing the family to move west. He noted he had worked in Gansu Province for nine years and then in Jilin Province before going to Beijing in 2000 to serve as Director of the China Press and Publishing Administration and Director of the State Copyright Bureau. His transfer to Guizhou in 2005 was the first time he had served as Party Secretary of such a large region. He described his current position as a "tough job," adding that while his most important task is economic development, his most urgent priority is improving the living standards of the local people. He said he feels the responsibility to develop the economy in order to "make the world more harmonious - then our work will be worthwhile." He said that he would retire at age 65.

17. (SBU) Note: Shi's official bio states that he is an ethnic Hui from Hebei Province, and was born in 1946. He served as an unspecified "junior government official" in Hezheng County, Gansu province, in 1968, and was promoted to Vice Party Secretary and Head of the Hezheng County government in 1981. In

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1984 he was appointed Vice Governor of Ningxia Hui Autonomous Prefecture, Gansu province, and became Party Secretary there in 1988. In 1993 Shi was appointed Director of the Propaganda Department of the Gansu Provincial Party Commission. Five years later he was transferred to Jilin Province where he served as Director of the Propaganda Department of the Jilin Party Commission and President of the Jilin Party School. In May 2000 he was appointed Vice Party Secretary of Jilin, and was promoted to Director of the China Press and Publishing Administration and Director of the State Copyright Bureau in October 2000. He remained in this position until he was appointed Guizhou Party Secretary in December 2005. End note.

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18. (SBU) Shi invited the Deputy Secretary to return to Guizhou and tour a distillery where Guizhou's famous "Maotai" liquor is made. If the Deputy Secretary is too busy for such a trip, said Shi, the Deputy Secretary's wife and children are welcome, and Shi said he would personally accompany them on the tour. Referring to the Deputy Secretary's experience in the publishing industry, Shi suggested (facetiously) that the two consider setting up a printing house together.

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COMMENT  
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19. (SBU) Although Guizhou is a poor and underdeveloped province, leadership positions there can still sometimes attract the best and brightest: Hu Jintao was Guizhou Party Secretary from 1985 to 1988 (prior to his stint in the TAR). However, Hu was only

42 when he went to Guizhou, while Shi's age of 58 puts him much closer to retirement.

¶10. (U) This cable has been cleared by the Deputy Secretary's delegation and has been coordinated with Embassy Beijing.  
BOUGHNER